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Financing of the United Nations Peacekeeping Force in Cyprus

Financial performance report for the period from 1 June 1999 to 30 June 2000 and budget for the period from 1 July 2001 to 30 June 2002 for the United Nations Peacekeeping Force in Cyprus

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 1999 to 30 June 2000 (A/55/739) and on the proposed budget for the 12-month period from 1 July 2001 to 30 June 2002 (A/55/788). During its consideration of the reports, the Committee met with representatives of the Secretary-General who provided additional information.

2. UNFICYP was established by the Security Council in its resolution 186 (1964) of 4 March 1964. From its inception until 15 June 1993, the costs of the Force were met by the Governments providing contingents, by the Government of Cyprus and by voluntary contributions to the Force. In accordance with General Assembly resolution 47/236 of 14 September 1993, the costs of the Force since 16 June 1993 that were not covered by voluntary contributions have been assessed on Member States. Voluntary contributions equal to one third of annual cost of UNFICP have been made on continuing basis by the Government of Cyprus, while the Government of Greece has been making annual contributions of $6.5 million.

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Financial performance for the period from 1 July 1999 to 30 June 2000

3. The amount approved by the General Assembly in its resolution 53/231 of 8 June 1999 for the maintenance of UNFICYP for the period from 1 July 1999 to 30 June 2000 was $45,630,927 gross ($43,892,427 net), including the portion to be met through voluntary contributions from the Governments of Cyprus and Greece as well as $2,270,759 appropriated for the support account for peacekeeping operations and the amount of $445,268 for the United Nations Logistics Base at Brindisi, Italy (UNLB). Expenditure amounted to $45,107,500 gross ($43,388,400 net), resulting in an encumbered balance of $523,400 gross ($504,000 net) (A/55/739, table 1). The unencumbered balance arose mainly under military contingents, civilian police, international and local staff and transport operations, partially offset by overexpenditure on premises/accommodation, air operations, communications, other equipment and supplies and services.

4. **With regard to overexpenditure, the Advisory Committee notes from the report of the Secretary-General that expenditure on a number of items could have been foreseen when the budget was proposed (ibid., annex II). The Committee trusts that improvements in planning will lead to more effective identification of needs at the time when the estimates are being prepared.**

5. Initiatives taken to ensure that UNFICYP is managed with a maximum of economy and efficiency, including the outsourcing of janitorial and catering services; a comprehensive review of the commercially hired vehicle fleet combined with a successful bidding exercise; rationalization and consolidation of office space, accommodation and ancillary facilities; and the implementation of a procurement plan to ensure that the goods and services were procured in the most efficient and least costly manner, are discussed in the report of the Secretary-General (ibid., paras 7-12).

6. With regard to the outsourcing programme, the Advisory Committee notes from the report of the Secretary-General that this initiative resulted in a reduction of a total of 68 local level posts, leading to a decrease in the number of local staff level to 147 (ibid., para. 8). Upon enquiry, the Committee was informed that the outsourcing of catering and janitorial functions resulted in an annual cost reduction amounting to $420,600. The Committee was also informed that reduction in expenditure resulted from improvements in the vehicle hire arrangements ($484,300 per annum), rationalizing of the utilization of buildings and consolidation of offices, accommodation and auxiliary facilities within the United Nations Protected Area ($99,000 per annum) and procurement reform ($915,000 per annum).

7. In connection with lessons learned, the Advisory Committee trusts that the Secretariat will, to the extent possible, apply some of the efficiency measures taken at UNFICYP to other missions.

8. The action to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 1999 to 30 June 2000 is shown in the Secretary-General's report (ibid., para. 16). **The Advisory Committee recommends that the unencumbered balance of $523,400 gross ($504,000 net) for period from 1 July 1999 to 30 June 2000 be credited to Member States in a manner to be decided by the General Assembly.**

Information on performance for the current period

9. The Advisory Committee was informed that, as at 20 February 2001, the amount of $109,352,426 was reimbursed for troop costs for the period 16 June 1993 to 31 August 2000 and that the amount owed for the period 1 September to 31 December 2000 was $26,480,106. The Committee was also informed that troop contributors have been paid until the end of August 2000 and that reimbursements for the months of September and October 2000 were scheduled to be made to Member States on 6 March 2001.

10. With regard to reimbursement for contingent-owned equipment, the Advisory Committee was informed that the amount was $4,677,867; the estimated amount owed as at 20 February 2001 was $9,052,306; and unliquidated obligations for contingent-owned equipment amounted to $4,602,487. As regards death and disability, as at 20 February 2001, six claims have been settled amounting to $1,231,536, the balance of obligations amounts to $279,298 and one claim was remaining.

11. The Advisory Committee was also informed that one contingent had withdrawn from the Force and that negotiations were ongoing with troop-contributing countries with a view to moving to the new contingent-owned equipment arrangements. Upon enquiry, the Committee was informed that the cost estimates for reimbursement of contingent-owned equipment were based on the old reimbursement system with the exception of equipment provided by two troop-contributing countries; under the terms of the memoranda of understanding, which are still under negotiation, the two are expected to be covered by the wet-lease arrangement.

12. The Advisory Committee was informed that, as at 12 February 2001, the cash position of the Force amounted to $9.9 million. Assessments on Member States for the period from 1 January to 31 December 2000 amounted to $22,565,438; payments received totalled $16,964,074; and the amount outstanding was $5,601,364, as at 20 February 2001. As at 31 December 2000, total unliquidated obligations for the period from 1 July 2000 to 30 June 2001 were $20,247,576 ($16,970,423 for Governments and $3,277,152 for others).

13. Upon enquiry as to the additional costs arising from restrictions of movement described in the report of the Secretary-General to the Security Council of 1 December 2000 (S/2000/1138, paras. 4-6), the Advisory Committee was informed that these resulted in increased consumption of petrol, oil and lubricants ($12,000 per annum) and additional insurance costs ($18,000 per annum).

14. With regard to the impact of the statement in the report of the Secretary-General to the Security Council (ibid., para. 6) that UNFICYP would be required to pay for electricity and other utilities, the Advisory Committee was informed that there are no additional costs involved in the new arrangements whereby UNFICYP pays for the provision of electricity to its camps in the north directly to the authorities in the north instead of the earlier arrangement of paying to the authorities in the south.

15. In connection with UNFICYP staff assigned to other missions, the Advisory Committee was informed that 18 international and eight local staff are currently on temporary assignment to other missions. While recognizing the utility of such staff

loans, care should be taken to ensure that they do not have a negative impact on the operation of the mission (see para. 19 below).

Cost estimates for the period from 1 July 2001 to 30 June 2002

16. As indicated in the report of the Secretary-General on the proposed budget for the maintenance of the Force for the 12-month period from 1 July 2001 to 30 June 2002 (A/5/788, para. 1), an amount of $42,395,100 gross ($40,868,100 net), inclusive of budgeted voluntary contributions in-kind amounting to $1,376,100 has been requested. This represents 0.2 per cent decrease ($20,800) in gross terms in relation to the apportionment for the current period from 1 July 2000 to 30 June 2001. The proposed budget reflects decreases of 8.7 per cent in civilian personnel costs and 8.3 per cent in staff assessment, offset by increases of 0.1 per cent in military personnel costs, 11.8 per cent in operational costs and 43.3 per cent in other programmes.

17. With regard to the presentation of the budget, the Advisory Committee welcomes the implementation of the Committee's recommendation on budgeted voluntary contributions as approved by the General Assembly.

18. The proposed staffing of the mission comprises 35 civilian police, 44 international and 147 local staff (ibid., table 2). This reflects a net decrease of 39 local staff posts resulting from the outsourcing of janitorial services and catering service.

19. The Advisory Committee notes from the report of the Secretary-General that the cost estimates for the period 1 July 2001 to 30 June 2002 were based on a 6.5 per cent vacancy factor in respect of international staff and a 5 per cent vacancy factor for local staff (ibid., annex I.C, paras. 1 and 7). The Committee notes that the rate for international staff is lower than that reported in the financial performance report for the period 1 July 1999 to 30 June 2000 (A/55/739), which was 10 per cent. Upon enquiry, the Committee was informed that the 6.5 per cent vacancy factor was based on mission experience.

20. As indicated in paragraph 16 above, the proposed budget reflects a 43.3 per cent increase in other programmes. The Advisory Committee notes from the report of the Secretary-General on the proposed budget of the Force (A/55/788, annex I.C, para. 29) that this increase is attributable to increased specialized training requirements in administrative back-stopping functions to update the skills of UNFICYP staff in the areas of communications, procurement, personnel functions, generator training and vehicle logbook training.

21. With regard to procurement training, the Advisory Committee welcomes the implementation of its recommendation in its report of 10 April 2000 (A/54/841/Add.4, para. 25) that, in view of the considerable decentralization in procurement services to the field, a much more focused procurement training programme involving procurement personnel from all the missions in the area be undertaken. The Advisory Committee notes from the budget report of the Secretary-General (A/55/788, annex IV), that the Mission will be involved in two such courses.

22. The actions to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2001 to 30 June 2002 are set out

in the budget report (A/55/788, para. 3). **The Advisory Committee recommends that the amount of $41,019,000 gross ($39,492,000 net) be approved for the maintenance of the Mission for the 12-month period from 1 July 2001 to 30 June 2002, including $20,173,000 to be funded through voluntary contributions from the Government of Cyprus ($13,673,000) and the Government of Greece ($6,500,000).**